

Minutes
Health Services
and
Development Agency
August 24, 2005
Meeting

AGENCY MEMBERS PRESENT

Caldwell, Gene, M.D., Chair
Atchley, Bryan, Vice Chair
Coile, Kristin, designee for the Commissioner of Commerce and Insurance
Collier, David, M.D., designee for the TennCare Director
Handorf, Charles, M.D.
Koella, Carl, III,
Lammert, Gregory
Troy, Peggy
Weaver, Faye, designee for the Comptroller of the Treasury

AGENCY STAFF PRESENT

Hill, Melanie, Executive Director
Bobbitt, Melissa, Administrative Services Assistant II
Brogden, Reid, General Counsel
Christoffersen, Jim, Deputy General Counsel
Farber, Mark, Assistant Executive Director
Finchum, Rhonda, Office Manager
Grimm, Jeff, Health Planner III
Holliman, Pam, Administrative Assistant I
Wells, Phil, Health Planner III

GUESTS PRESENT

Anderson, Kristen, Boulton, Cummings, Connors & Berry, LLC
Archer, Dave, CEO, St. Francis Hospital
Arrison, Ron, Executive Director, The King's Daughters & Sons Home
Bachert, Jim, Earl Swenson Associates
Bagce, Lisa, Cookeville Regional Medical Center
Baker, E. Graham, Esq., Weeks, Anderson, & Baker
Bell, Darl, M.D., Bell Internal Medicine
Bernard, Vaughn, Chief of Medical Staff, Cookeville Regional Medical Center
Berry, Beth, Tenet Health System
Bierman, Paul, M.D., Medical Center Endoscopy Group
Bradford, John, WCDD
Brent, Michael, Esq., Boulton, Cummings, Connors & Berry, LLC
Brown, Dere, NHC Healthcare
Bryce, B., M.D., Williamson Medical Center
Bustetler, Laura, Williamson Medical Center
Byassee, Jean, Rhea Medical Center
Byrd, Harold, President, Bank of Bartlett
Cabigao, Ed, M.D., Medical Director, Emergency Room, St. Francis Hospital-Bartlett
Canlas, Emma, CFO, St. Francis Hospital-Bartlett

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Carr, Thomas, M.D., Medical Director of Emergency, Methodist North
 Clark, Richard L., Administrator & CEO, Morristown Hamblen Healthcare System
 Coates, Robyn, Memorial Health Care System
 Corritore, Danell, Department of Health
 Cravens, Thomas, Esq., Kramer, Rayson, Leake, Rodgers & Morgan
 Crawford, Linda, VP Patient Care, Cookeville Regional Medical Center
 Croom, Ken, CEO, Rhea Medical Center
 Culp, Joe, Department of Health
 Damons, Joanna, Assistant Commissioner, Division of Mental Retardation Services (DMRS)
 Davenport, Cassie, Williamson Medical Center
 Davidoff, Alan, M.D., Radiologist, Rhea Medical Center
 Day, Edwin, Consultant
 Deitrich, Mike, Tennessee Hospital Association
 Delp, Benjamin, Bass, Berry and Sims
 Dodds, Jerry, Corporate Vice President, Brother International
 Duncan, Bruce K., Assistant Vice President, NHC
 Ehler, Michael, Administrator
 Elrod, Dan H., Esq., Miller & Martin
 Falls, Noel D., Consultant
 Farnham, Duane, Administrator, Good Samaritan Health and Rehabilitation Center
 Flowers, John, Administrator, Medical Center Endoscopy Group
 Foster, Debra, Williamson Medical Center
 Goff, Gisele, M.D., The Family Care Group
 Gooch, Warren L., Esq., Kramer, Rayson, Leake, Rodgers & Morgan
 Goodwin, W., META
 Grace, Frank, Esq., Waller, Lansden, Dortch & Davis
 Graves, Gary, Chief, Bartlett Fire and Emergency Services
 Green, Annette, R.N., Home Care of East TN
 Green, Cathy, Licensure Director, Department of Health, Division of Health Care Facilities
 Griffith, Suzanne, President, Bartlett Area Chamber of Commerce
 Grya, Richard, Cookeville Regional Medical Center
 Haaga, Sue Ellen, Vice Pres., St. Francis Hospital
 Hartz, Mark E., Vice Mayor, City of Lakeland
 Henley, William, CEO/Administrator, Methodist North
 Hensley, Joe, M.D.
 Hill, Exley, AHFD
 Hill, Ron, Vanderbilt Medical Center
 Houchin, Barbara, St. Thomas Health Systems
 Isley, L. Lee, Senior Associate Administrator/CEO, Morristown Hamblen Healthcare System
 Jackson, Lori, Director of Imaging, Morristown Hamblen Healthcare System
 Johnson, Sonya, Regulatory Director of Patient Care, Home Health Care East Tennessee
 Johnson, Vicky, LPN, Home Health Care of Middle Tennessee
 Kenley, William, Methodist Healthcare
 Kiskadow, Elizabeth, Earl Swenson Associations
 Klein, Rodger, COO, Skyline Medical Center
 Korth, Paul, CFO, Cookeville Regional Medical Center
 Lewis, Jerry W., AIA, President, The Lewis Group Architects, Inc.
 Lindy, Peter, M.D., President, East Memphis Orthopedic Group
 Looney, Kim Harvey, Esq., Waller, Lansden, Dortch & Davis
 Lucchesi, Jane, Director of Planning, Methodist Healthcare
 Lupo, Richie
 Mac, Garry, Public Relations, Rhea Medical Center
 Maples, Arthur, Baptist Memorial Health Care
 Martin, H. Frank, Jr., M.D., Cardiovascular Specialists
 Mattingly, Bernie, CEO, Cookeville Regional Medical Center
 Mauldin, Lanny, Vice Chair, Hospital Board of Trustees, Rhea County Medical Center
 McDearman, Scott, Esq., Grant, Konvalinka & Harrison
 McDonald, Keith, Mayor, City of Bartlett
 Merville, LaDonna M., Hospital Alliance of Tennessee

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Miller, Dennis, CEO, Williamson Medical Center
 Miller, Stephanie, Cookeville Regional Medical Center
 Morrow, Bonnie, CNO, Rhea Medical Center
 Orne, Lori K., Williamson Medical Center
 Patton, Billy Ray, County Executive, Rhea County
 Penny, Linda, Comptroller's Office
 Perkins, Ashley, Williamson Medical Center
 Pleasant, W.C., Tennessee State Representative
 Porter, Bill, Chair, Hospital Board of Trustees
 Porter, James, Rhea County Medical Center
 Puri, Chris, THCA, Tennessee Health Care Association
 Raper, Ronnie, Rhea County Medical Center
 Ray, Kim, Assertive Medical,
 Robinson, Marilyn, Sr. Vice President, St. Francis Hospital
 Roger Ray, Assertive Medical
 Roosa, Sub, Cookeville Regional Medical Center
 Sajjad, Rehan, M.D., Internal Medicine
 Sanders, Harvey, CFO, Rhea Medical Center
 Sharber, Jerry, Williamson Medical Center
 Shirazee, Syed H., M.D., SMZ-Specialists, P.C.
 Shorb, Gary, CEO, Methodist Healthcare
 Sidrys, Algis, M.D., Cookeville Regional Medical Center
 Simmons, David, M.D., Cardiologist, Memphis Cardiology Group
 Slade, Whitney, M.D., North Internal Medicine
 Smith, Steve, Williamson Medical Center
 Stockard, Jim, Financial Logistics
 Story, John, Chairman of Board of Trustees, Cookeville Regional Medical Center
 Taylor, Jerry W., Esq., Farris, Mathews, Branar, Bobango, Hellen & Dunlap, PLC
 Thompson, Mark, Chief Financial Officer, Morristown Hamblen Healthcare System
 Trauger, Byron, Esq., Trauger, Ney & Tuke
 Tuggle, Kim, TEI
 Tumlin, Dennis, Rhea County Medical Center
 Valdomare, Celine, President, of Good Samaritan Health and Rehabilitation Center
 Van Cleave, Mary Layne, Tennessee Hospital Association
 Walker, Raymond, Executive Director, Rhea Economic & Tourism
 Webb, Don, CFO, Williamson Medical Center
 Weinstein, Joseph, M.D., Cardiovascular Physicians of Memphis
 Wellborn, John L., Development Support Group
 Welton, Cam, President, Methodist Healthcare
 Werkhoven, Kae, Administrator, St. Peter Villa
 West, W. Steven, Esq., Methodist Healthcare
 West, William H., Esq., Baker, Donelson, Bearman, Caldwell & Berkowitz
 Whitcomb, Emily, Administrator/Owner, Bethany Health Care Center and Trevecca Health Care Center
 Willumsen, Bob, Associate Administrator, St. Francis Hospital-Bartlett
 Wilson, David, CEO, St. Francis Hospital-Bartlett
 Winter, Joe, Methodist Healthcare System
 Wolf, Bert, Gastrointestinal Specialists, PC
 Wood, Betsy, Tennessee Hospital Association
 Young, Charles, Esq., Kramer, Rayson, Leake, Rodgers & Morgan
 Zachary, Kevin, St. Francis-Bartlett

Chairman Caldwell called the meeting to order at 8:30 a.m. in Rooms D-G of the Gaylord Entertainment Center, Nashville, Tennessee.

Ms. Coile Absent

DIRECTOR'S ANNOUNCEMENTS

Melanie Hill, Executive Director, made the following announcements: The September and October meetings will be held at the Bellsouth Auditorium, and the November and December meetings will be at Gaylord Entertainment Center; a new Statistical Analyst, Alecia Craighead, will begin employment with the Agency on September 1st; the two Assertive Medical, Inc. applications were withdrawn; and the NHC Healthcare, Nashville application was removed from the Consent Calendar due to opposition to the application being received.

CONSENT CALENDAR APPLICATION

Ms. Hill summarized the following Consent Calendar application:

Williamson Surgery Center, LLC - (Franklin, Williamson County) - Project No. CN0506-049

The establishment of an ambulatory surgical treatment center (ASTC) containing four (4) operating rooms, and five (5) procedure rooms for a total of nine (9) rooms, in addition to other administrative and support areas. This surgical area currently exists in the new medical tower recently constructed as a part of Williamson County Hospital District d/b/a Williamson Medical Center. Ownership will transfer from Williamson Medical Center to the surgery center. Project Cost \$16,660,758.00.

E. Graham Baker, Esq. representing the applicant, and Dennis Miller, were present in support of the application.

Mr. Koella moved for approval of the project based on: 1) Need – The need is there for the rapidly growing area; 2) Economic Feasibility – The project is economically feasible through the combination of the facility's operating lease and cash reserves; and 3) The project does contribute to the orderly development of adequate and effective health care because it's a partnership between the only hospital in the county and the physicians. Dr. Collier seconded the motion. The motion CARRIED [8-0-0].

APPROVED

AYE: Troy, Lammert, Koella, Atchley, Handorf, Weaver, Collier, Caldwell
NAY: None

GENERAL COUNSEL'S REPORT (Taken out of order)

Williamson Medical Center - (Franklin, Williamson County) - Project No. CN0205-035A and CN0211-115A

Request for extension of expiration dates on both projects. CN0205-035A was approved at the September 25, 2002 Agency meeting for renovations and expansion of Williamson Medical Center with an expiration date of November 1, 2005. CN0211-115A was approved at the February 26, 2003 Agency meeting for the addition of forty (40) beds and renovations of the third and fourth floors with an expiration date of April 1, 2006. Request is to extend both projects to July 1, 2007.

E. Graham Baker, Esq., representing the applicant, was present and Dennis Miller, were present in support of the requests.

Ms. Troy moved for approval of the extension of the expiration dates to July 1, 2007, and the renovations and expansions as requested. Dr. Handorf seconded the motion. The motion CARRIED [8-0-0].

APPROVED

AYE: Troy, Lammert, Koella, Atchley, Handorf, Weaver, Collier, Caldwell
NAY: None

Ms. Coile arrived

CERTIFICATE OF NEED APPLICATIONS

Assertive Medical, Inc. - (Lewis, Hohenwald County) - Project No. CN0504-028

The establishment of a home care organization to provide a full range of home health services in: Lewis, Perry, Hickman, Lawrence, Maury, Marshall, Bedford, Moore, Lincoln, Giles and Wayne counties. The parent agency will be located at 519 W. Main Street, Hohenwald (Lewis County), Tennessee 38462. Project Cost \$272,700.00. **Deferred from the July 27, 2005 Agency Meeting.**

WITHDRAWN

Assertive Medical, Inc. - (Warren, McMinnville County) - Project No. CN0504-030

The establishment of a home care organization to provide a full range of home health services in: Warren, Cannon, Coffee, Franklin, Grundy, Marion, Sequatchie, Hamilton, Van Buren, White, Cumberland, Putnam, Jackson, Smith and DeKalb counties. The parent agency will be located at 597 Shelbyville Road, McMinnville (Warren County), Tennessee 37110. Project Cost \$353,000.00. **Deferred from the July 27, 2005 Agency Meeting.**

WITHDRAWN

Mark Farber summarized the following CON applications:

Dr. Handorf and Ms. Troy recused

Saint Francis Hospital-Bartlett - (Bartlett, Shelby County) - Project No. CN0504-035

The initiation of cardiac catheterization services and the installation of purchased cardiac catheterization laboratory equipment previously located at 7205 Wolf River Parkway, Germantown (Shelby County), TN 38138, and other related equipment. Project Cost \$1,603,600.00.

Kim Harvey Looney, Esq., representing the applicant, addressed the Agency. Speaking on behalf of the project were: David Wilson, CEO, St. Francis Hospital-Bartlett; Dave Archer, CEO, St. Francis Hospital; Peter Lindy, M.D., East Memphis Orthopedic Group; David Simmons, M.D., Cardiologist, Memphis Cardiology Group. Speaking in support of the project: Rep. W.C. Pleasant, Tennessee State Representative; Keith McDonald, Mayor, City of Bartlett; Syed H. Shirazee, M.D., SMZ-Specialists, P.C.; Mark E. Hartz, Vice Mayor, City of Lakeland; Jerry Dodds, Corporate Vice President, Brother International; Kae Werkhoven, Administrator, St. Peter Villa; Harold Byrd, President, Bank of Bartlett; Rehan Sajjad, M.D., Internal Medicine; Ed Cavigao, M.D., Medical Director, Emergency Room; Gary Graves, Chief, Bartlett Fire and Emergency Services; Suzanne Griffith, President, Bartlett Area Chamber of Commerce; Gisele Goff, M.D., The Family Care Group; Ron Arrison, Executive Director, The King's Daughters & Sons Home. Present in support were: Frank Grace, Esq., Waller, Lansden & Dortch; Sue Ellen Haaga, Vice Pres., St. Francis Hospital; Emma Canlas, CFO, SFH-Bartlett; Bob Willumsen, Assoc. Adm., SFH-Bartlett; Marilyn Robinson, Sr. Vice President, St. Francis Hospital.

Opposing the project were: W. Steven West, Chief Legal Officer, Methodist Healthcare; Joseph Weinstein, M.D., Cardiovascular Physicians of Memphis; Thomas Carr, M.D., Medical Director, Methodist North; Darl Bell, M.D., Bell Internal Medicine; Whitney Slade, M.D., North Internal Medicine; Cam Welton, President, Methodist Healthcare; H. Frank Martin, Jr., M.D., Cardiovascular Specialists. Present in opposition were: William Henley, CEO/Administrator, Methodist North; Jane Lucchesi, Director of Planning, Methodist Healthcare; and Gary Shorb, CEO, Methodist Healthcare.

Ms. Looney rebutted.

Ms. Weaver moved for approval of the project based on: 1) Need – There is a need for the service in the northern quadrant of Shelby County due to the recent closure of two cardiac catheterization facilities in the area; 2) Economic Feasibility – The project is economically feasible; and 3) The project does contribute to the orderly development of adequate and effective health care in that patients that receive additional services will be appropriately transferred to facilities that can provide those services. Mr. Atchley seconded the motion. The motion CARRIED [5-2-0]. **APPROVED**

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AYE: Coile, Lammert, Atchley, Weaver, Collier,
NAY: Koella, Caldwell

Dr. Handorf and Ms. Troy recused

Medical Center Endoscopy Group - (Memphis, Shelby County) - Project No. CN0505-036

The replacement and relocation of an existing ambulatory surgical treatment center specializing in the provision of gastrointestinal care from 930 Madison Avenue, Memphis 38103 to 80 Humphreys Center, Memphis 38120. The project also includes the addition of two (2) procedure rooms. Project Cost \$3,140,516.00.

Frank Grace, Esq., representing the applicant, addressed the Agency. Paul Bierman, M.D. spoke on behalf of the project and present in support were: Noel D. Falls, Consultant; Bert Wolf, Gastrointestinal Specialists, PC; and John Flowers, Administrator.

Mr. Koella moved for approval of the project based on: 1) Need – The need for a new facility is evident, as stated. The original volume has a four (4) week wait. The increased demand for these services needs to be better addressed; 2) Economic Feasibility – The project is economically feasible through a real estate lease and commercial loan; and 3) The project does contribute to the orderly development of adequate and effective health care with their license. Mr. Atchley seconded the motion. The motion CARRIED [7-0-0].

APPROVED

AYE: Coile, Lammert, Koella, Atchley, Weaver, Collier, Caldwell
NAY: None

*Break for Lunch
Mr. Atchley left meeting*

Cookeville Regional Medical Center - (Cookeville, Putnam County) - Project No. CN0505-039

The construction of an inpatient bed tower and acquisition of a second linear accelerator for radiation therapy at the main campus. Project Cost \$67,499,195.00.

Dan Elrod, Esq., representing the applicant, addressed the Agency. Speaking on behalf of the project were: Vaughn Bernard, Chief of Medical Staff; John Story, Chairman of Board of Trustees; and Bernie Mattingly, CEO.

Present in support were: Algis Sidrys, M.D., Paul Korth, CFO, and John L. Wellborn, Consultant.

Mr. Handorf moved for approval of the project based on: 1) Need – The need has been clearly identified because this is an aging facility that needs to modernize its configuration. Compliance problems have been demonstrated in the critical care unit; 2) Economic Feasibility – It is an economical feasible plan. Cash reserves and commercial financing are in place; and 3) The project does contribute to the orderly development of adequate and effective health care in the communities and the region's medical needs. Licenses are in place and they are a TennCare provider. Mr. Koella seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Coile, Troy, Lammert, Koella, Handorf, Weaver, Collier, Caldwell
NAY: None

Rhea Medical Center - (Dayton, Rhea County) - Project No. CN0505-040

Relocation of the twenty-five (25) bed critical access hospital from US Hwy. 27 to 9406 Rhea County Hwy. There is no increase in beds. The project also includes the acquisition of magnetic resonance imaging (MRI) equipment and the replacement of mobile MRI services with fixed MRI services. Project Cost \$28,515,358.00.

Speaking on behalf of the project were: Ken Croom, CEO; Alan Davidoff, M.D., Radiologist, Rhea Medical Center, and Billy Ray Patton, County Executive, Rhea County. Present were: Harvey Sanders, CFO and John Wellborn, Consultant.

Mr. Koella moved for approval of the project based on: 1) Need – The need is there to replace the 48 year old facility where there is ample room for growth and retention of more county patients.; 2) Economic Feasibility – The project is economically feasible through cash reserves and bond financing; and 3) The project does contribute to the orderly development of adequate and effective health care with the licenses and they are a TennCare provider. Dr. Handorf seconded the motion. The motion CARRIED [8-0-0].
APPROVED

AYE: Coile, Troy, Lammert, Koella, Handorf, Weaver, Collier, Caldwell
NAY: None

NHC HealthCare, Nashville - (Antioch, Davidson County) - Project No. CN0506-046

The relocation of a previously approved Certificate of Need (CN0402-014A) for the construction of a 124 nursing home bed replacement facility from 2215 Patterson Street, Nashville (Davidson County) to a new site, not addressed, located at The Crossings at Hickory Hollow, Antioch (Davidson County), Tennessee. The facility will be certified for both Medicaid and Medicare participation. Project Cost \$10,276,069.00.

Dan H. Elrod, Esq., representing the applicant, addressed the Agency and Bruce K. Duncan, Assistant Vice President, spoke on behalf of the project.

Opposing the project were: Emily Whitcomb, Administrator/Owner, Bethany Health Care Center and Trevecca Health Care Center; Duane Farnham, Administrator, and Celine Valdomare, President, of Good Samaritan Health and Rehabilitation Center.

Mr. Elrod rebutted.

Ms. Weaver moved for approval of the project based on: 1) Need – The need has already been determined for the requested facility that had high bed occupancy when it was in existence. Unfortunate circumstances prevented it from building a new facility on its old site; 2) Economic Feasibility – The project is economically feasible as the company has funds to build this project; and 3) The project does contribute to the orderly development of adequate and effective health care and will not have negative economic impact on the community or service area that it will serve, given that it will replace services that have been taken away from the community for some time now. Ms. Coile seconded the motion. The motion CARRIED [8-0-0].

APPROVED

AYE: Coile, Troy, Lammert, Koella, Handorf, Weaver, Collier, Caldwell
NAY: None

Morristown-Hamblen Hospital - (Morristown, Hamblen County) - Project No. CN0505-037

The initiation of mobile positron emission tomography (PET) and computerized tomography (CT) imaging services to provide services one (1) day per week utilizing equipment owned by another party. Project Cost \$663,000.00.

Warren Gooch, Esq., representing the applicant, addressed the Agency. Present in support were: Lori Jackson, Director of Imaging; Richard L. Clark, Administrator & CEO; L. Lee Isley, Senior Associate Administrator/CEO; and Mark Thompson, Chief Financial Officer.

Dr. Handorf moved for approval of the project based on: 1) Need – The need has been established by analysis of current patient needs; 2) Economic Feasibility – The project is economically feasible as financing is in place and is financially a sound proposal; and 3) The project does contribute to the orderly development of adequate and effective health care as the license is in place and the hospital is a TennCare provider. Ms. Coile seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Coile, Troy, Lammert, Koella, Handorf, Weaver, Collier, Caldwell
NAY: None

GENERAL COUNSEL'S REPORT

Associates of Meridian Health Outpatient Surgery Center, LLC - (Morristown, Hamblen County) - Project No. CN0009-092A

Request for extension of the expiration date from February 2, 2006 to August 1, 2007 and for two modifications to the Certificate of Need as follows: 1) Increase in project cost from \$3,857,362.00 to \$5,477,362.00 due to construction and equipment cost increases; and 2) to designate the facility as a provider-based outpatient surgery center at Morristown-Hamblen Hospital, instead of a free-standing facility. This project was originally approved for the establishment of an ambulatory surgical treatment center (ASTC) with four (4) operating suites at the December 13, 2000 Agency meeting. Expiration date was extended from February 1, 2003 to February 2, 2006 due to an appeal which was ultimately dismissed by the Court of Appeals. The application was opposed and the opposition has been notified.

Warren L. Gooch, Esq., representing the applicant, addressed the Agency. Present in support were: Richard L. Clark, Administrator & CEO; L. Lee Isley, Senior Associate Administrator/CEO; Mark Thompson, Chief Financial Officer; and Jerry W. Lewis, AIA, President, The Lewis Group Architects, Inc.

William H. West, Esq., representing Morristown Hospital and Lakeway Morristown Surgery Center, opposed.

Mr. Gooch rebutted.

Mr. Koella moved for approval of the request to increase the project cost from \$3.8 million to \$5.47 million and to designate the facility as a provider based outpatient surgery center and to extend expiration date to August 1, 2007. Dr. Handorf seconded the motion. The motion CARRIED [7-0-1]. **APPROVED**

AYE: Coile, Troy, Lammert, Koella, Handorf, Collier, Caldwell

NAY: None

ABSTAINED: Weaver

OTHER BUSINESS

Ms. Hill reported that the Agency received no findings on the Financial and Compliance Audit.

CURRENT REPORTS

Statistical Reports

The reports were accepted into the record.

Finance, Ways and Means Committee Reports

The reports were accepted into the record.

Minutes

Handorf moved for approval of the July 27, 2005 minutes as presented. Troy seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

The minutes of the June meeting were accepted by unanimous voice vote.

ADJOURNMENT

There being no further business, the meeting was adjourned.

Melanie M. Hill, Executive Director

MMH/mab